

Fiscal Note

Fiscal Services Division



HF 260 – School District Home Rule (LSB 2103HV)

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Fiscal Note Version – New

Description

House File 260 grants school districts home rule power and authority. The Bill specifies that school districts cannot increase any tax without express authorization of the General Assembly.

Background

Currently school districts in Iowa operate under Dillon's rule. In general, Dillon's rule limits power and authority of the school districts to those expressly given in Iowa Code.

Home rule applies to municipal corporations and counties in Iowa and has been granted to those local governments in the Iowa Constitution (home rule for municipal corporations was approved in 1968 and for counties in 1978). In general, home rule provides those local government entities the power or authority not expressly prohibited by Iowa Constitution or laws within the Iowa Code.

Although House File 260 will provide school districts home rule power and authority (if enacted), districts will still be limited in specified areas based on Iowa law and any federal laws.

Assumptions

This Bill prohibits school districts from increasing any tax without express authorization of the General Assembly. School district tax levies have explicit uses directed in Iowa Code. Additionally, school district fund usage is specifically defined in Iowa Code and the LSA assumes that funds will be used for designated purposes. However, under home rule, school districts may be able to more broadly define program areas that require designated funds. Although the School Budget Review Committee (SBRC) sets a maximum limit for each school district's annual cash reserve levy, not all school districts levy for the maximum amount. Under more broadly defined program areas, there may be potential for school districts to levy a higher cash reserve levy to access spending authority designated for specific program areas and still be within the cash reserve levy limits specified by the SBRC.

Under home rule, school districts may charge fees that are not strictly prohibited by Iowa Code. This could include fees that would be considered miscellaneous income and deposited in a school district's General Fund.

The Department of Education has indicated that they will be charged with rewriting Iowa Code and administrative rules in response to enactment of House File 260. The Department estimates requiring an additional FTE to implement those changes in FY 2012 and a 0.5 FTE in FY 2013. The LSA is assuming a starting salary of \$56,378 and benefits totaling \$15,194.

Fiscal Impact

The estimated fiscal impact of House File 260 for school districts cannot be determined. The LSA estimates that there will be no increased levy authority as a result of this Bill, but is uncertain how this

may impact each school district's decision to levy cash reserve. However, there may be school district fee increases not specifically prohibited under Iowa Code, but that amount is unknown.

An additional FTE position for the Department of Education for duties related to rewriting Iowa Code and administrative rules is estimated to increase State General Fund expenditures by \$71,572 in FY 2012 and \$35,786 in FY 2013.

Sources

Article III, Sections 38A and 39A, State Constitution of Iowa
Department of Education
Department of Management
Iowa Association of School Boards
State Auditor's Office
LSA analysis

/s/ Holly M. Lyons

February 16, 2011

The fiscal note for this bill was prepared pursuant to **Joint Rule 17** and the correctional and minority impact statements were prepared pursuant to Iowa Code **Section 2.56**. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
